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Currie, Graeme; Tuck, Penelope; Morrell, Kevin

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How hybrid managers act as 'canny customers' to accelerate policy reform: A case study of regulator-regulatee relationships in the UK's tax agency

Abstract

Purpose: We analyse role transition for professionals moving towards hybrid managerial roles. Specifically, we examine reforms to the national tax agency in the United Kingdom, focusing on attempts to shift hybrid managers away from a focus on tax compliance, to a greater customer focus. This extends understanding of the relationship between New Public Management (NPM) and the public professions, by offering greater insight into the dynamic between regulators and regulatees, as professionals are co-opted into management roles that encompass greater customer orientation.

Design/methodology/approach: We draw on documentary data relating to reform from 2003 to 2012 and 43 semi-structured interviews with senior tax inspectors co-opted into hybrid manager roles.

Findings: Our findings support established accounts of the effect of NPM reform to public professions, as these professionals are co-opted into hybrid management roles. Some hybrid managers resist, others embrace the demands of the new role. Linked to a hitherto neglected aspect of analysis (the extent to which hybrid managers embrace a greater customer orientation) our findings also show a more novel third response: some hybrid managers leave the national tax agency for opportunities in the private sector. These public-to-private professionals we call 'canny customers.' Canny customers are ideally placed to exploit aspects of NPM reform, and thereby accelerate changes in the governance of public agencies, but in a way that might undermine the function of the tax agency and tax professions.

Practical implications: In regulatory settings, policy reform to co-opt professionals into hybrid managerial roles may have mixed effects. In settings where a focal dynamic is the regulator-regulatee relationship, effective governance will require understanding of the labour market to temper excess influence by those hybrid managers who become canny customers. Otherwise, in settings where it is easy for individuals to move from regulator to regulatee, the pace and consequences of reform will be harder to govern. This runs the danger of eroding professional values. Our specific case of tax professionals reflects themes in the literature examining hybridisation for accountants, and provides novel insight into the dynamics of professionalism that extend to the case of accountants.

Originality/value: Our contribution is to extend the literature on role transition of professionals. We focus on hybrid managers in the context of a regulatory agency: the UK national tax agency. Policy reforms associated with hybridisation emphasized customer orientation. We highlight labour market characteristics impacting the regulator-regulatee dynamic, and an as yet unexplored, unintended consequence of reform. The public professional who leaves for the private sector becomes a 'canny customer' who can exploit and accelerate reform.

Key words: customer, New Public Management, professionals, hybrid manager, public services, tax agency

Introduction

Recent studies of the nature of professionalism have focused on its increasing hybridisation, encompassing a commercial orientation and a client discourse that challenges a public service ethic in which professionals exhibit independence (Anderson-Gough et al., 2000; Carter and Spence, 2014; Grey, 1998; Spence and Carter, 2014; Suddaby et al., 2009). Such challenges to professionalism are increasingly evident within tax agencies expected to regulate the affairs of multinational corporations (MNCs). MNCs have increasingly come under scrutiny for their tax avoidance in the face of global austerity. Politicians, media and the wider public are concerned that tax professionals no longer effectively regulate MNCs to maximise tax revenue. Drawing upon studies of accountants (Anderson-Gough et al., 2000; Carter and Spence, 2014; Grey, 1998; Spence and Carter, 2014; Suddaby et al., 2009) and drawing out implications for accountant professionals, our study explains how exogenous policy pressures and the dynamics of professional organisation shape the responses of tax professionals towards role transition, where they are expected to be commercial-professional hybrids who exhibit greater customer-orientation.

Role transition, specifically amongst professionals, has represented a longstanding topic of analysis for organisational scholars. Role transition is particularly relevant in professional settings, where professionals have historically resisted new ways of organising professional work that challenged professional dominance and autonomy (Mintzberg 1989; Flynn, 1999; Harrison and Ahmad 2000; Reay and Hinings 2009). However, characterising the professional response to role transition, as one of resistance, appears anachronistic. In practice, professionalism is often ambiguous, plural, dynamic, and complex and affected by changing organisational contexts and cases, and so recent analyses have emphasised how the professional response to role transition might vary, within (Croft et al., 2015; McGivern et al., 2015), as well as across professions (Currie and Croft, 2015; Currie et al., 2015). Variation in professionals' responses towards role transition represents a starting point for our analysis.

We focus upon a specific aspect to role transition for professionals, which is highlighted in contemporary policy reform for public services. Namely, that, to address a failure of implementing reform, professionals have been co-opted into 'hybrid' managerial roles, which combine professional and managerial activities (Llewellyn, 2001). This new hybrid role represents more than the longstanding 'managerial' role for professionals within archetype professional bureaucracy organisational arrangements, where professionals represent peer interest, rather than organisational interest, as 'first amongst equals' (Mintzberg, 1979). Rather, the new hybrid managerial roles demand proactive, strategic behaviours, whereby professionals manage their colleagues towards organisational, rather than professional, ends (McGivern et al., 2015).

Academic analysis of role transition by professionals (either away from, or towards, the requirements of being a hybrid manager) is largely predicated upon empirical study of hybrid managers in healthcare settings. Such studies show some professionals embrace managerial, 'entrepreneurial' (Llewellyn 2001), or 'calculative' financial and accounting discourses (Kurunmaki 2004), using them to shape their identities and roles (Doolin 2002). Others resist managerialism or 'play' with managerial identities (Llewellyn 2001; Doolin 2002; Iedema et al. 2004), or 'balance' and 'blend' managerialism and professionalism (Montgomery 2001; Noordegraaf 2007).

Our study extends extant literature, which is overwhelmingly focused on healthcare, and within which emphasis has been upon hybrids managing (or not managing) their professional peers in line with organisational interest through managerial tools, such as performance management. In contrast to the healthcare literature, we examine the effect of policy intended to impose 'customer' orientation within the role transition of hybrid managers. In considering role transition for hybrid managers in public services, apart from studies of hybrid managers in the specific setting of higher education (cf. Prichard, 2000), the effect of greater customer orientation in policy has been somewhat overlooked. Foreshadowing our findings, we suggest a greater diversity in professionals' responses to customer orientation in hybrid managers' roles. This goes beyond the dichotomy of either holding on to their professional role or moving towards a more strategic managerial role, which characterises analysis up until now (cf. McGivern et al., 2015).

Empirically, we analyse responses to role transition, focusing on senior tax inspectors expected to manage others and their relationship with the clients they regulate. The focus is a public regulatory agency in the United Kingdom (UK), the national tax agency, 'Her Majesty's Revenue and Customs (HMRC)'. Reforms at HMRC are widely understood as intended to change tax inspectors' roles away from their traditional regulatory roles, towards more enabling, customer focused roles, with managerial accountability for this held by senior tax inspectors positioned as hybrid managers (Tuck et al., 2011; Tuck, 2012). We examine responses to this role transition from hybrid managers (combining their professional responsibility as tax inspectors with their general management responsibility) in relation to interactions with corporate taxpayers, specifically MNCs. Reform in this context resonates with a number of themes that are well developed in the broader literature on NPM reform and professions, but it also allows us to focus more particularly on the regulator-regulatee relationship (Cooper and Robson, 2006; Grey, 1998; Malsch and Gendron, 2013; Suddaby et al., 2009).

Our paper proceeds as follows. First, under the heading 'dynamics of role transition', we set out three general propositions that guided our analysis. These propositions link: (a) policy reform towards greater customer orientation and the organisational context; to (b) the enactment of hybrid managerial roles taken on by professionals in the regulatory agency. Second, we set out our research design. Third, we present empirical analysis in terms of three themes -- contesting role change; complying with, or embracing role change; escaping role change. Finally, in our conclusion, we bring the discussion together to highlight our contribution, There we set out practical implications, consider transferability of findings, offer suggestions for further research and show how we extend literature on the accountancy profession (Anderson-Gough et al., 2000; Carter and Spence, 2014; Grey, 1998; Spence and Carter, 2014; Suddaby et al., 2009).

Dynamics of Role Transition

In considering the dynamics of role transition, first, it is important to recognise HMRC is a professional bureaucracy (Mintzberg, 1979). How any single 'profession' as an institution, and associated expression of: tradition, identity, powers, occupational closure and other kinds of jurisdiction; influences individual professionals' micro-

practices is causally complex (Abbott, 1988; Freidson, 1988; Ramirez, 2009). As revealed in the literature on hybrid managers, within a professional bureaucracy there is unlikely to be a monolithic response to policy that encourages professionals to transition into managerial roles. However, it is likely to be evident that hybrid managerial roles are enacted in ways that mean role holders may represent, rather than proactively manage their professional peers. Indeed, they may even buffer their professional peers from the effect of managerial intrusion. Thus, studies show that professionals moving into hybrid roles have drawn upon professional values to drive managerial actions, enhancing their control and influence over key budgetary decisions, and maintaining, or even enhancing, their professional organisation. For example, McGivern et al. (2015) showed many doctors moving into hybrid managerial roles did not merely resist managerial intrusion, but buffered their clinical colleagues from such intrusion, and co-opted managerial structures and processes to pursue clinical self-interest, so their professional values and organisation remained intact. In their study, only a limited number of doctors transitioned towards a strategic managerial role aligned with organisational interest. Meanwhile, Croft et al. (2015) described how nurses struggled to adapt to, and legitimise, hybrid manager roles in terms either of their professional peers, or other managers. Thus, Croft et al (2015) identify a third possible response from professionals to enacting hybrid managerial roles, one where professionals are trapped between a 'rock and a hard place'.

Second, we anticipated the impact of government policy to be mediated at the local level by contextual contingencies in the workplace. NPM, as enacted by senior managers, is intended to affect professional roles in public service organisations (Ferlie et al., 1996; Hood, 1995). NPM gives primacy to, newly defined 'clients', 'customers', or 'users' (Baines and Cunningham, 2011; Bolton and Houlihan, 2005; Carter et al, 2011). As with other public service organisations, the customer concept is evident in the discourse and practices of HMRC (Tuck et al., 2011). However, whilst customers may gain additional power over the public bureaucracy via voice mechanisms, the absence of exit possibilities for the customer curtails individual powers. Hence, largely, it is frontline public administrators, particularly hybrid managers, not customers, who define service features and performance specifications (Korczynski and Ott, 2004). In essence, the response of hybrid

managers towards a policy drive for greater customer orientation is an important determinant of policy reform.

Third, because the hybrid manager has to mediate contradictions between the sovereign and directed customer, work intensification ensues (Rosenthal and Peccei, 2007). In moving from 'regulators' to 'enablers', those tax inspectors moving into hybrid managerial roles are expected to be customer-orientated and are performance managed along such lines; e.g. exposed to measures of customer satisfaction. They are also expected to manage their teams to deal with the customer speedily, but in a standardised way. The hybrid manager's need to manage contradictions increases work load, captured in Carter et al's assertion (2011:86) that NPM gives rise to, 'rationalisation and intensification of work, alongside a sense of degradation and anticipated discontinuity'. This is reflected in union response to change. A senior officer, Paul Whiteman, for the main union representing tax inspectors, First Division Association (FDA) stated:

These proposals [HMRC's Workforce Change Programme] have come at a time when the department is already having to cope with previous restructuring, current staff reductions of 12,500 and significant changes to internal processes. The FDA will want assurances that the department is not rushing headlong into change overload. Senior staff at HMRC is concerned that such pressure on the fabric of the organisation will make it difficult to maintain delivery.ⁱ

In the next section, we set out our research design to investigate such matters.

Research Design

Our study is a single case, to generate rich description and explanation of organisational processes, which can be theoretically generalised to other settings (Eisenhardt, 1989; Yin, 2003). The regulatory agency (HMRC) we examine is set in the United Kingdom (UK), which is subject to neo-liberalist policy reforms, under the rubric NPM. These are evident globally, but in the UK have been described as 'fast moving' (Martin et al., 2009).

In common with other public sector bodies which changed the focus of their attention from provider of services to users of services, HMRC responded to NPM by moving towards a more customer-focused approach. This change of focus was initially an

internal measure to improve the quality of service. Subsequently, the objective of the customer service approach was to deliver visible and measurable improvements in tax compliance, productivity and customer service (Malam et al. 2010). A further development by HMRC was the adoption of the Australian Tax Office tax compliance model of a regulatory pyramid (Braithwaite, 2007, Cm 5428). This model stratified taxpayers into those who were reluctant to comply or did not comply (at the apex of the pyramid), and those who comply (at the base), with intermediate stages between these two extremities as appropriate. Additional regulatory measures, including risk management practices, were focused on those at the apex. The approach of HMRC was to enable taxpayers to comply with legislation. Customer relationship managers were appointed whose role was to understand in depth a business and its associated tax issues and risks (Riley, 2012). Customer service became such a priority for HMRC that HMRC transformed into a customer service provider (Tuck, 2013). Responding to these changing working practices, the tax professional becomes a 'T-shaped knowledge expert': having to engage with technical knowledge to do with tax, and also needing to understand how to work in a strategic and marketing NPM organisation (Tuck, 2010).

This is an exemplary setting to examine the general propositions outlined above, as there is a basic tension between enforcement and compliance in taxation (Morrell and Tuck, 2014). This particularly affects staff responsible for tax collection, and more so those professionals in hybrid roles who manage frontline staff. Whilst expected to enact a managerial role, hybrids also enjoy professional status, having experienced significant and common training for such roles, as well as associated socialisation (Tuck, 2010).

We collected and analysed archival material from 2003 to 2012 to understand the broader policy context, and issues such as work intensification and responses within the profession. This included the following archival sources: HMRC staff surveys; HMRC, HM Treasury's websites; parliamentary publications such as the Public Accounts Committee; media and charities comments on taxation (through internet searches using such terms as: 'Charity and tax', HMRC, tax officials, tax inspectors); public sector trade unions' press releases; professional accountancy institutes websites for publications and press releases. Whilst the volume of material is difficult to establish accurately in terms of page numbers, conservatively this came to over

1000 pages of archival material. In Gephart's terms, we were able to collate "a substantial archival residue" (1993: 1469).

At the start of our study, we carried out pilot interviews with 4 senior tax inspectors, who held senior management roles. They identified additional potential interviewees: senior tax inspectors who had moved into hybrid managerial roles with greater customer orientation, and who might contest or consent to attendant organisational change. We then snowball sampled to gain access to further interviewees, continuing to focus upon hybrid managers. Snowball sampling was necessary and appropriate because tax inspectors represent an occupation that is 'hard to reach'. In light of their regulatory role, and potential political and media intrusion, tax inspectors are reluctant to speak to 'outsiders' (Tuck, 2012). Fortuitously, the fieldworker had a tax accountancy background, so was able to present herself as an 'expert' and adopt the symbolic codes of a tax professional, such as dress, a form of 'fitting in' (Ashley, 2010:719). This allowed her to become embedded in the field and develop necessary trust and understanding. Over the period of fieldwork, the interview schedule was modified to align with our emerging analysis, through 'progressive focusing' (Parlett and Hamilton, 1976). Adding to the 4 exploratory interviews, we undertook a further 32 interviews. In the course of these, it became apparent that some former hybrid managers had changed jobs, to become, either tax advisors for MNCs or tax directors for one the 'Big Four' professional services firms (PwC, Deloitte, KPMG, EY). Thus we undertook a further 7 interviews with former hybrid managers, who had moved on from HMRC. In total, we undertook 43 interviews with senior tax inspectors that had moved into hybrid manager roles, 32 of these within HMRC spread geographically across the corporate centre of HMRC and 8 tax offices concerned with MNCs. Most interviews lasted around one hour, others lasted over two hours. We outline numbers and types of hybrid manager interviewees in Table One, and summarise their responses to change, as detailed further in the empirical sections of the paper.

-- Please insert Table One about here --

Analysis, combined interview transcripts (over 1000 pages) with relevant documents, and we engaged in iterative rounds of coding data. This moved from interviewee-centric to researcher-centric terms and codes (Gioia et al., 2013). In part, the latter drew on extant literature (e.g. the theme of consenting to, or contesting change in the hybrid manager role), with interviewee-centric codes induced from data (e.g. the impact upon reform of career moves of hybrids from regulator to regulatee). In this way we repeatedly moved between data, to more abstract considerations of theory. This was an attempt to provide a contextualised explanation of this setting but one that was linked to our more general concern about the effect of policy reform upon the roles of hybrid managers. While we allow the possibility of other potential interpretations (Van Maanen, 1988), we also consciously strove not to retro-fit the data to service our theorising (Wodak, 2004). In particular, only one of the three authors had been involved in fieldwork, hence the remaining two authors were able to challenge and interrogate the fieldworker (Mantere et al., 2012). Employing this approach enabled us to develop inter-researcher agreement regarding our contextualised explanation of emergent themes from the transcripts, as well as agreement as to deeper theoretical interpretation of our case. As a means of supporting our analysis, we presented findings to internal stakeholders at professional network events and during executive teaching. This helped us to elaborate on some implications in some instances, but more importantly allowed a check on the authenticity of our analysis (Watson, 1994).

Findings

Our empirical study highlights varied responses from tax professionals in the enactment of their role in the face of managerial intervention. A degree of self-interest in the professional response to managerially-imposed change is evident. This is reflected in this rich extract from a long-serving tax inspector, who had been placed in a hybrid managerial role, but who left HMRC two years prior to our fieldwork:

Whether they [senior tax inspectors moving into hybrid managerial roles] choose to fully embrace the customer concept is pretty much down to the individual. For many of them it's a complete culture shock, complete change from the working practices they are used to, which has been this old: "you've got to get results, your promotion

depends on your results, so ask as many questions as you like, irritation of the corporate is not particularly an issue we're too concerned about"; to this sort of touchy feely sort of relationship now. Some take on change, guys that you know you can discuss things rationally with, and not feel that every word you were saying was being noted down and there are other guys who you would be rather careful about what you said to them because they act as regulators. So it's all down to individuals, I guess the Civil Service has said you must embrace the change, but if you are 55 and not long to retirement and you don't feel you want to change a working practice you've been doing for 25 years, I guess not a lot's going to make you do it with 5 years left to run. (Ex HMRC tax inspector, tax manager in FTSE 100 group, 20 years in HMRC, #10).

Drawing on this quote, we present our data along the following lines, which reflect individuals' responses to role transition : (a) contesting (those staying with HMRC, who exhibit some form of resistance); (b) complying, or embracing (those staying with HMRC, who either endorse the direction of reform, accept it without great enthusiasm, or are able to take advantage of opportunities it offers, progressing their career and position in HMRC); and (c) escaping (those leaving HMRC for roles with MNCs or Big Four professional services firms). As we indicate later, escaping is a notable feature of this context since abundant job opportunities are partly a consequence of the dynamic between regulator and regulatee.

Contesting Role Change

Our empirical study corroborates the idea that struggles with role transition often reflect deteriorating working conditions and job cuts. This is evident in this extract from an interview with a hybrid manager:

Our professional ethos is still there, but there is a lot of uncertainty about what the future holds. We suspect the hidden agenda is radical reduction in numbers, particularly when you look at the customer relationship pilot (Tax inspector, SCS 1 grade, 30 years in HMRC, managerial responsibilities #2).

This directly links job insecurity to the policy focus on customer reform. The challenge of role transition was also evident in relation to two aspects of their professional role that some interviewees prized – technical expertise, and the need for public servants to regulate at arm's length. The attributes that some hybrid managers ascribed to themselves resonate with archetypal features of professions

(Kirkpatrick and Ackroyd, 2003): independence, a code of conduct, closure and jurisdiction and codified knowledge.

With the senior tax inspectors [who deal with the large corporate taxpayers], there tends to be a huge emphasis on technical expertise. The fully trained inspectors are very intellectually competent, very good at finding their way around the legislation. They are the high priesthood of inspectors. Many of them chose not to get into the messy and confrontational world of challenging people about whether they actually recorded all their transactions correctly, or whether they had sufficient evidence to justify their position. It used to be very clean arguments about interpretation of the legislation, and whether particular facts of a taxpayer's position applied to the legislation They prize technical expertise above investigative expertise (Ex HMRC tax inspector, Big Four professional services firm, 11 years in HMRC, #18).

Unsurprisingly, therefore, in the eyes of some tax inspectors, co-option into hybrid managerial roles represents an attempt by senior managers to control professional staff, even to de-skill them:

The title, tax inspector has been dropped. At a very senior level, tax collection staff feels their advancement is blocked. At a junior level, staff feels their status diminished. Someone I met recently, who has just left from a very senior position, feels morale is at rock bottom (Ex HMRC tax inspector, FTSE 100 tax director, 28 years in HMRC, #17).

As evident in the extract above, some hybrid managers felt demoralised following reform. A review of data in staff surveys provided by HMRC supported this. Overall, staff feelings about working for HMRC show a downward trend; e.g. in response to the question, 'I am proud to work for HMRC', 43 per cent answered 'yes' in May 2005, this declined to 32 per cent Winter 2007, and further to 22 per cent in Autumn 2011, with a more specific question in the 2011 Staff Survey revealing only 13 per cent agreed with the statement, 'When changes are made in HMRC, they are usually for the better'. Such concerns appear longstanding, with only 10 per cent agreeing with the statement, 'I feel that change is managed well in this department' in the 2007 Staff Survey.ⁱⁱ

In defence of their traditional role as regulators, some hybrid managers stressed that HMRC has a duty to regulate taxpayers to ensure the correct tax legislation is

applied and that the correct amount of tax is collected. They expressed concern that HMRC may be over-promoting customer service at the expense of collecting taxes:

We want companies we are dealing with domestically to prosper. If they make a major investment, it's not our job to try and limit the relief they get for the investment. We agree this in advance with them ... but if it comes to a clash between enabling and regulating, then regulating wins all the time (Tax inspector, SCS 1 grade, 30 years in HMRC, sector and technical knowledge lead, #2).

A sizable proportion of the hybrid managers whom we interviewed remained cynical about their role of enabling (See Table One: around a quarter of our interviewees still employed by HMRC). Work intensification associated with 'lean thinking' (Carter et al., 2011) in HMRC leaves some tax inspectors placed in hybrid managerial roles, unwilling to embrace reconstruction of their professional role towards management of the customer, feeling de-moralised, and in danger of losing their sense of value. This group continue to resist role transition:

Calling taxpayers "customers" over emphasises the enabling side of things at the cost of the regulating. Quite clearly we are here to regulate. We are not paid to enable. I think the enabling is significant, but it's a minor part of what we ought to be doing (Ex HMRC tax inspector, Tax partner Big Four professional services firm, 15 years in HMRC, #3)

Complying With, or Embracing Role Change

We also find evidence of acceptance of change towards a more customer-orientated hybrid managerial role from some hybrid managers, even if at times this appeared grudging:

I preferred the old method of working but I can cope with the new, because I only have three and a quarter years to go until retirement, so I think I'll struggle through somehow (Tax inspector, SCS 1 grade, 31 years in HMRC, managerial responsibilities, #15)

The interviewee above was 'counting the years, even months down for retirement', and took a fairly pragmatic view of the change based upon their individual situation.

Some of those accepting the rhetoric of customer acknowledged a basic tension in the regulator-regulatee relationship, namely, some 'customers' of regulators are unwilling and involuntary ones. This is an interesting feature of this context in relation to NPM. Whilst it is widely understood that customer discourse is resisted in other settings, such as healthcare or education, this is partly about values and ideology. In taxation, there is almost a logical or syntactical error when referring to those being forced to pay tax as customers. This hybrid manager struggled with, though consented to, calling the corporate taxpayer a 'customer':

I'm visualising our performance wall where we present our yield performance, our customer performance, which is about how our customers perceive us ... we have to call them customers even though they might not want to be (HMRC Senior Manager SCS 1 grade, 18 years in HMRC, #13).

Others meanwhile, were content to ride out the change, in the expectation that change was faddish, and that eventually roles and organisational structure would return to their previous position:

Historically, HMRC brings it [change] in and you might have it for 3 years, then they'll bin it and you'll either go back to the way you were before or they'll change it to something different and each time you know it is change for change's sake. I think it is different people at the top of HMRC, coming in with ideas and wanting to see them brought into place and then they move on and somebody else comes in, has their own idea (Tax inspector, grade 7, 14.5 years in HMRC, #22).

Notwithstanding the above, we highlight a substantial proportion of our interviewees whom we describe as accepting, responded to the change more readily (See Table One: we assess this at around one third of our interviewees). Often they seemed to reflect contemporaneous policy argument which suggested that the enabling approach not only produced wealth for the United Kingdom, but also produced more tax revenue. For instance:

I'm sure it's more constructive and in the end you would hope that you could actually get more tax in for the Revenue for the Exchequer by taking this constructive approach (Tax inspector, SCS 1 grade, 33 years in HMRC, head of [city] office and deputy director for compliance, #11).

Others, despite also being near retirement, lamented some of the changes, but, reflecting on their managerial responsibilities, took a wider organisational view:

The change in our role is sad in a way in that it removes me a little bit further from being able to run a case and control it, but that's the way it's going. You can't go backward. You've just got to find a way of going forwards that hopefully eventually is slightly cheaper and more efficient (Tax inspector, SCS 1 grade, 31 years in HMRC, managerial responsibilities, #15).

Taking a more individualistic view, lifestyle considerations informed other hybrid managers' responses:

We're supposed to work 37 hours a week and I usually work about 40 or 42, but that is my limit. I don't get paid to do more than 42. If I wanted to do that sort of thing I would have made the choice to go 'outside' [to one of the Big Four] years ago. So, I suppose, it suits people, like me, to work for HMRC who don't want to work silly hours (Tax inspector, grade 7, 15 years in HMRC, #21).

In part, acceptance of the change was because it created opportunities for some tax inspectors in hybrid managerial roles. In line with the more customer-focused approach, HMRC's graduate recruitment and training for 'direct entrants' emphasised softer skills rather more, and there was some dilution of technical skills.

It's no longer about being pure technicians. It's about ability to put technical knowledge into practice ... to show managerial competencies (Tax inspector, SCS 1 grade, 30 years in HMRC, managerial responsibilities, #6)

Greater customer-focus proved advantageous for career progression amongst some tax inspectors:

[Interviewer: What are your criteria to get to the next level?] It's all competence based, to do with our behaviours and abilities framework. So it was looking for something that's going to give me the competence I don't have. (Tax inspector, grade 7, 20 years in HMRC, #5).

Further, performance management criteria ensured financial incentives for staff to enact a more customer focused identity:

If you have a customer who is obstructive and litigious and you handle them well and have a good relationship as possible in the circumstance then that's OK. My senior manager keeps e-mails from customer praising our service and it helps at your appraisal and your bonus ... we are also judged on performance in supervising the work of office, making sure it is a coherent office delivering the business, our role as case directors, how well we identify the risks on the cases, how well we progress them, how well we have managed our teams, assigned responsibilities (Tax inspector, SCS 1 grade, 30 years in HMRC, sector lead and technical knowledge specialist, #2).

Escaping Role Change

The move towards greater customer-orientation increased staff turnover, particularly as organisational restructuring ensued, and with it, job insecurity, even amongst those who had taken up hybrid managerial roles:

I saw it was time to move when lots of people were exiting the Revenue [HMRC]. Pay at the time was pretty awful. My exact contemporaries were leaving, so why couldn't I? My boys went to a private school where fees were going up by ten per cent, yet my salary was only going up by one per cent. The performance bonus scheme was so pathetic that some of us gave our bonus away to charity. (Ex HMRC tax inspector, 25 years in HMRC, senior manager Big Four professional services firm, #4).

The response above from a senior tax inspector, who had enacted a hybrid managerial role, was indicative of turnover more generally amongst the tax inspectorate. Roy-Chowdhury, Head of Taxation, Association of Chartered Certified Accountants [ACCA], reported, 'around 100 years of collective tax wisdom will be leaving HMRC at the same time in August [2012]' (Owens et al., 2012).

For the former hybrid manager (#4 above), deteriorating working conditions combined with financial needs pushed him out to the private sector (one of the 'Big Four' professional services firms) because as yet he couldn't afford to retire. Similarly, for other experienced tax inspectors in hybrid managerial roles, but who were some way from retirement (so less content to 'sit change out'), they could move from HMRC to work for professional services firms offering tax advice to MNCs, or directly work for MNCs as tax directors. In such a way, rather than contest or consent to managerially-driven change, they could escape it. We describe this as escape, but it is important to see this as (for some at least) realisation of opportunity

and expressive of personal agency, rather than a last resort which turnover is often retrospectively seen to be (Morrell and Arnold, 2007). For instance:

Well basically, many of us can walk into the professional services accountancy firms. Younger people are tempted away, by 50 per cent salary increases (Tax inspector, SCS 1 grade, 30 years in HMRC, managerial responsibilities, #2)

For those who had left HMRC, career progression appeared to be much more likely:

They [senior managers in the professional services firm] recognised my talents and they progressed me through from senior tax manager, to director and now partner (ex HMRC tax inspector, senior manager Big Four, 15 years in HMRC, #14).

The phrase 'recognised my talents' could seem slightly self-serving, but we did find direct evidence that hybrid managers were being recognised for their talents, and recruited on that basis. Those recruited into the private sector approached former colleagues to join them. This seemed a particularly appropriate route for those hybrid managers who retained very specialist skills, especially where they had been less motivated to follow a managerial career path:

I'd come across a couple of guys from the other side of the fence a couple of times on cases, and started getting approaches from their HR people, asking, "do you want to come and work for us?" In the end I thought well, the job at HMRC was very interesting, but there was no career development. So if I wanted to earn more money in the long-term then I had to come out of HMRC. The litigation work was the thing at HMRC which I enjoyed the most. So, here I am (Ex HMRC tax inspector, senior manager Big Four, 5 years in HMRC, #23).

We suggest that a buoyant external labour market, as indicated by this kind of turnover in HMRC, and commonly (but not always) favouring longer-serving staff, further fragmented the response of employees to change. Potentially, widespread career opportunities undermine the development of collective interest, or a countervailing social structure to express grievances or resistance collectively. Rephrasing this slightly, and using Hirschman's (1970) familiar terms: some of our interviewees remained loyal, as they appeared convinced by the intended direction

of reform; for many who were not convinced, individual exit was easy and so this undermined the prospects for collective voice. We are only drawing lightly here on Hirschman's categories for the sake of exposition - we do not suggest this situation is best understood in those terms (as responses to decline, deteriorating circumstances or dissatisfaction), because some of our interviewees welcomed the reform.

Another implication follows. A potential trajectory our research shows is that NPM reforms designed to co-opt professionals into hybrid managerial roles can be accelerated if they encourage exit among talented employees. This is perhaps a particular consideration for reforms to highly regulated industries, where state regulators necessarily have close connections to, and rich understanding of, the industries they regulate. These 'gamekeepers-turned-poachers' could compound the impact of a policy shift in professional role because they are best placed to capitalise on any change to customer focus. As former insiders they are 'canny customers'.

Discussion

Our analysis shows how, for tax inspectors, the ground has shifted in the wake of policy intended to change the nature of their profession. This has had a significant impact on those senior amongst their ranks transitioning into hybrid manager roles. Their specialist expertise was becoming diluted as they were expected by policy makers and senior managers to become more generalist managers of customers. The tax inspector has traditionally behaved as a technical expert, predisposed towards ensuring that standards, rules and regulations are tightly adhered to; i.e. a regulator role. Within this role, tax inspectors have traditionally orientated their efforts towards those taxpayers failing to comply. We found they are now being required to orientate towards those taxpayers that aspire to comply, as much, if not more than, those that non-comply, in their role as 'customer relationship managers'. As noted in studies of other professions, such as accountancy, the role transition towards hybridity for tax professionals is supported by a plethora of organisational level interventions, such as competence-based selection criteria and managing performance around customer-orientated behaviours (Anderson-Gough et al., 2009).

Our study confirms assertions in the literature that it is frontline public professionals who define service features and performance (Korczynski and Ott, 2004), but that

hybrid managers do not necessarily buffer their colleagues from managerial intrusion (Mintzberg, 1979). Some hybrid managers are demoralised by change, as they are required to enact dual standards in both regulation and enabling. Though some remain with the HMRC because they appear to agree with this change in policy, others merely accept it, perhaps because they have limited opportunities - for instance are nearing retirement. Others embrace change more wholeheartedly because it opens up a career trajectory beyond that of progression through the professional hierarchy. Others escape change by moving to roles in those organisations cast as customers of HMRC. In relation to the former, if not the latter, policy makers and senior managers in regulatory agencies might attend more to the role of their professional staff as a transfer agent for the public interest in government decisions. Should they seek to replace administrative codification around regulation with more customer-responsive enablement, they must create agreement on what the general public interest is (Caron and Giauque, 2006; Morrell and Harrington-Buhay, 2012) to avoid decline in professional staff morale (Carter et al., 2011).

Yet as our study highlights, not all tax inspectors contest co-option into hybrid manager roles. Professional groups may be split by NPM, as some members contest imposition of the customer ethic, whilst others agree with, consent to, or are co-opted into more customer-orientated behaviours (Thomas and Davies, 2005). One driver of the split response towards policy reform is a buoyant 'external' (to HMRC) labour market for those enacting regulatory roles, which facilitates ease of exit of labour to private sector organisations. We also note, for some of our interviewees remaining in HMRC, they perceive the change less as work intensification (Carter et al., 2011; Rosenthal and Peccei, 2007), and more an opportunity for career progression, even viewing performance management regimes in such terms. This, 'creeping' careerism, may subsequently erode professional values (Spence and Carter, 2014; Suddaby et al., 2009). Combined with the nature of the relationship between regulatory industries and the bodies whom they regulate, this may accelerate shifts in tax inspectors' co-option into customer-orientated behaviours, if not hybrid managers' roles. We show how several talented public sector employees had become highly knowledgeable, private sector 'canny' customers: they know the old system and know how to exploit that, but they are also best placed to capitalise on

uncertainties caused by a shift to customer. Effective governance will require understanding of the labour market, to temper excess influence by 'canny customers'. Otherwise, in settings where it is easy for individuals to move from regulator to regulatee, the pace and consequences of reform will be harder to govern and may erode professionalism (Suddaby et al., 2009). Extending analysis beyond our specific empirical case, this is likely to occur in other situations where there is a large and higher status private sector to which individuals could re-locate. Thus far, this has not been evident in analysis of role transition towards hybrid roles because most literature in this domain focuses on healthcare (Burgess and Currie, 2013; Croft et al., 2015; Currie and Croft, 2015; McGivern et al., 2015) or higher education (Clegg and McAuley, 2005; Hellawell and Hancock, 2001; Parker and Jary, 1995; Prichard, 2000), where the external labour market is limited.

Conclusion

In summary, our study supports established accounts of the effect of NPM reform in hybridising professional expertise and organisational forms (Kuranmaki and Miller, 2006, 2011), specifically how customer-orientated reform becomes embedded in governance practices (Wiesel and Modell, 2014). Co-operation and partnership between organisations, including regulatory agencies and their clients, is emphasised within such reforms, linked to which are distinctive managerial control practices in co-opting professionals towards hybridisation (Kuranmaki and Miller, 2011). Our study extends analysis of how local practitioners respond to demands for hybrid roles, highlighting co-option of professionals towards hybridisation. It emphasises variation in the enactment of new roles oriented towards managing the client and fellow workers amongst professionals on the frontline of regulatory practice (Kuranmaki and Miller, 2006) -- some hybrid managers resist, others embrace reform (Burgess and Currie, 2013; Croft and Currie, 2015; Currie and Croft, 2015; McGivern et al., 2015). Our study highlights how hybrids seem the norm amongst professionals, rather than the exception, including professionals such as accountants (Anderson-Gough et al., 2000; Spence and Carter, 2014).

Our findings also show a more novel response: a hitherto under-investigated consequence of policy designed to make hybrid managers adopt a customer orientation. Some hybrid managers leave the national tax agency in the wake of

reform, for opportunities in the private sector. These public-to-private professionals we call 'canny customers.' Canny customers are ideally placed to exploit aspects of NPM reform, and thereby accelerate changes in the governance of public agencies. Where professionals cross the line between regulator and regulatee, this could mean a vicious circle, or even create a paradox. The more successful New Public Management is, the more likely it is to erode professionalism (Suddaby et al., 2009), undermine HMRC, and the very notion of tax collection.

Although our study has not been couched in such terms, the case of tax professionals in HMRC might be characterised as one of the ascendancy of a customer-orientated, commercial logic over professional logic (Spence and Carter, 2014). Like accountants, it seems, at least until this point the tax professionals in our case appear able to blend logics in the face of institutional complexity in a way whereby they maintain their legitimacy (Christiansen and Lounsbury, 2013; Goodrick and Reay, 2011; McPherson and Sauder, 2013; Pache and Santos, 2013). Nevertheless, our documentary analysis identified a contemporaneous media furore about tax avoidance, and this threatens this. We also suggest that, as in the case of accountants (Anderson-Gough et al., 2009; Spence and Carter, 2014; Suddaby et al., 2009), professional values of independence and public service in the tax profession may, over time, be eroded by the increasing movement of tax professionals from HMRC into more commercially-orientated corporate clients, at the same time as frontline interactions across the regulator-regulatee divide shape service (Korczynski and Ott, 2004). Further research might track such changes on this basis, as with other professions such as accountancy, a new stable archetype of hybrid professionalism has yet to emerge. Our analysis of the specific case of tax professionals exhibits the type of ebbs, flows and contradictions relating to the meaning of professionalism that Spence and Carter (2014) note in their study of accountants.

Continuing with a more critical stance upon responses of professionals in the regulatory agency towards their co-option into hybrid manager roles, our empirical study of HMRC suggests senior management may be gaining the 'upper hand' in realising prerogative through co-option of professionals into managerial roles in a way that represents normative control over their staff. Thus, like Carter et al (2011), we are pessimistic about the possibilities for collective resistance to policy that

focuses on greater customer orientation, and co-opts professionals into management.

Extending our analysis to the accounting profession, whilst our focus in this study is on the role transition for tax professionals in HMRC, nevertheless, as highlighted above, there are similarities with accounting (Anderson-Gough et al., 2009; Carter and Spence, 2014; Spence and Carter, 2014; Suddaby et al., 2009), particularly the interplay between professional attitudes and organisational change in the place where professional accountants work (Suddaby et al., 2009). First, the organisational context for accountants has influenced attitudes, norms and opinions about the professional accountant (Anderson-Gough et al. 2000, 2001; Cooper and Robson, 2006; Grey, 1998; Suddaby et al., 2009). Second, accountants have had to respond to commercial changes and increased role of regulators (Malsch and Gendron, 2013). Third, accountants have taken on hybrid managerial roles (Burns and Baldvinsdottir, 2007; Granlund and Lukka, 1998; Howieson, 2003). We thus encourage further research aligned with our concern focused upon the case of accountants.

Carr-Saunders and Wilson's *The Professions* (1933) famously sets out a vision of 'the great professions' as:

centres of resistance to crude forces which threaten steady and peaceful evolution... rocks against which the waves raised by these forces beat in vain.

Though uncritical, or perhaps even quaint to contemporary eyes, this is a revealing metaphor both for how it suits our setting, and how it does not. The rhetoric of "customer" central to NPM reforms (Baines and Cunningham, 2011; Bolton and Houlihan, 2005; Carter et al, 2011) is, arguably, "crude" given the involuntary status of HMRC's customers (Tuck et al, 2011). What is less debatable is that this reform explicitly threatened steady evolution in HMRC. Where the comparison breaks down however, is that the reforms we analysed were not beating in vain against a unified great profession. Instead, they encountered a porous cadre of hybrid managers whose interests were complex and differentiated (Burgess and Currie, 2013; Croft et al., 2015; Currie and Croft, 2015).

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Table One: Interviewees & Summary of Response

Response to co-option into hybrid management	Number	Male	Female	Hybrid Senior Manager	Approximate Age of Hybrid Senior Managers	Hybrid Middle managers	Approximate Age of Hybrid Middle Managers
<i>Contesting Change</i>	6	6	0	5	Late 40s/50s	1	40s
<i>Complying or Embracing Change</i>	26	20	6	18	Late 40s/50s	8	40s
<i>Escaping Change</i>	11	9	2	5	40s	6	30s
Total	43	35	8	28		15	

ⁱ www.fda.org.uk/media/senior-HMRC-staff-concerned-about-restructure-plans-and-relocations-says-FDA---16-November-2006.aspx, accessed 08/01/2014.

ⁱⁱ www.hmrc.gov.uk/research/winter07-staff-survey.pdf; www.hmrc.gov.uk/research/ps-autumn.2011.pdf; accessed 08/01/2014.